

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

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TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

WEDNESDAY, JANUARY 29, 2025
9:30 AM
CONFERENCE ROOM 325

HOUSE BILL NO. 774
RELATING TO VALUE-ADDED PRODUCTS

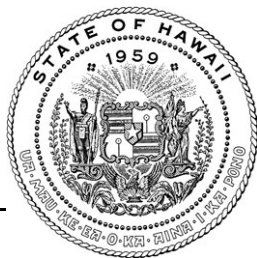
Chair Kahaloe, Vice Chair Kusch and Members of the Committee:

Thank you for the opportunity to testify on House Bill 774. This bill seeks to establish a statewide food and product innovation network within the Agribusiness Development Corporation, enabling local businesses to scale up new products from research and development to manufacturing and commercialization. The Department of Agriculture strongly supports this initiative.

The food and product innovation network proposed in this measure includes a range of robust facility partners on Kauai, Maui, and Oahu. The Department believes this network has the ability to significantly assist Hawai'i's agricultural businesses by offering space, equipment and specialized expertise to local farmers and other entrepreneurs for creating value-added products using locally grown and raised agricultural products. Additionally, it may serve as a catalyst for innovations in food products, processing technologies, packaging and labeling processes, inventive supply chain logistics, and new marketing channels.

Thank you for the opportunity to testify on this measure.





**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

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Statement of
JAMES KUNANE TOKIOKA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS

Wednesday, January 29, 2025
9:30 AM
State Capitol, Conference Room 325

In consideration of
HB 774
RELATING TO VALUE-ADDED PRODUCTS.

Chair Kahaloa, Vice Chair Kusch, and Members of the Committee:

Thank you for the opportunity to testify in strong support of House Bill No. 774, which proposes the establishment of the Agribusiness Development Corporation's (ADC) Food and Product Innovation Network. This initiative is pivotal to addressing systemic challenges in Hawai'i's agricultural sector and fostering a resilient and diversified economy that benefits all residents.

Key Benefits of the Food and Product Innovation Network

Value-Added Production Opportunities:

The network will empower farmers and food entrepreneurs to transform raw agricultural products into high-value goods. Access to centralized processing, packaging, and product development facilities will enable producers to generate greater revenue, extend product shelf life, and reduce waste.

Support for Local Farmers and Entrepreneurs:

Many of Hawai'i's small-scale farmers and entrepreneurs lack the resources to develop and commercialize new products. Shared facilities, technical assistance, and training programs will level the playing field, enabling these businesses to compete in both local and global markets.

Enhanced Food Security and Resilience:

By increasing local food production and processing capacity, this initiative will reduce Hawai'i's reliance on imported goods. This strengthens the state's resilience against supply chain disruptions and aligns with Hawai'i's goals for food security and sustainability.

Economic Development and Job Creation:

The network will drive economic growth by supporting new and existing businesses, fostering innovation, and creating jobs in agriculture, food manufacturing, and related sectors. Investments in facilities and equipment will provide the infrastructure needed to support these activities.

Alignment with Sustainability Goals:

The network promotes sustainable practices by encouraging the use of local ingredients, reducing food waste, and supporting environmentally friendly production methods. These efforts will contribute to Hawai'i's broader climate and sustainability objectives.

Statewide Benefits and Regional Equity

The establishment of a statewide network ensures equitable distribution of resources and opportunities across counties, addressing the unique agricultural strengths and needs of each region. Examples include:

- O'ahu: Leverage urban infrastructure for processing and distribution.
- Maui: Support diversified agriculture and innovative value-added products.
- Hawai'i Island: Focus on livestock processing, specialty crops, and rural development.
- Kaua'i: Promote niche markets such as tropical fruits and agroforestry products.

HB744 is a forward-thinking measure that addresses critical gaps in Hawai'i's agricultural sector while creating opportunities for economic growth and resilience. By establishing the Food and Product Innovation Network, we can support small farmers and entrepreneurs, enhance food security, and advance our state's sustainability goals.

I respectfully urge the Committee to pass this important measure and thank you for your dedication to Hawai'i's agricultural future.

Mahalo for the opportunity to provide testimony.

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UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Agriculture & Food Systems
Wednesday, January 29, 2025 at 9:30 a.m.

By
Della Teraoka
Interim Vice President for Community Colleges
University of Hawai'i System

HB 774 – RELATING TO VALUE-ADDED PRODUCTS

Chair Kahaloa, Vice Chair Kusch, and Members of the Committee:

The University of Hawai'i supports the intent of HB 774, which establishes under the Agribusiness Development Corporation a "food and product innovation network" providing access to facilities, resources, expertise and education to capitalize on the "Made in Hawai'i", "Produced in Hawai'i", or "Processed in Hawai'i" brand, critical to meet the State's agricultural and economic diversification goals.

Synergies between partner and primary network members can expand access statewide, and leverage resources while avoiding unnecessary duplication in support of innovation and business development.

Critical to the success of exports and commercialization of value-added products is the establishment of facilities with the capacity to support growing businesses in scaling up production, to support economic diversification through off-shore markets.

The University of Hawai'i supports the intent of HB 774, on the condition its passage does not replace or adversely impact priorities as indicated in our BOR Approved Budget.

Thank you for the opportunity to provide testimony in support of HB 774.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



WENDY GADY
EXECUTIVE DIRECTOR

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
HUI HO'OU LU AINA MAHIAI

TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE AND FOOD SYSTEMS
January 29, 2025
9:30 a.m.
Conference Room 325 & Videoconference

HOUSE BILL NO. 774
RELATING TO VALUE-ADDED PRODUCTS

Chair Kahaloa, Vice Chair Kusch, and Members of the Committee:

Thank you for the opportunity to testify in **support** of House Bill No. 774, proposes the establishment of the Agribusiness Development Corporation's (ADC) Food and Product Innovation Network across the state of Hawai'i. This initiative represents a transformative opportunity to strengthen the state's agricultural sector, diversify the local economy, and enhance Hawai'i's food security and sustainability efforts.

The Importance of a Food and Product Innovation Network

Hawai'i's agricultural industry faces a range of challenges, including limited processing infrastructure, barriers to market entry, and dependence on imported goods. A statewide Food and Product Innovation Network can address these challenges by fostering collaboration, innovation, and value-added production. This network will provide essential resources and facilities that

support farmers, ranchers, and food entrepreneurs in transforming raw agricultural products into high-value goods.

Key Benefits of the Proposed Network

1. Value-Added Production Opportunities:

By providing access to facilities for food processing, packaging, and product development, the network will enable farmers and producers to create value-added goods that generate higher revenue and extend the shelf life of local agricultural products.

2. Support for Local Farmers and Entrepreneurs:

Many small-scale farmers and food entrepreneurs lack the resources to develop, test, and commercialize new products. The network's shared facilities and technical assistance will level the playing field, empowering them to compete in local and global markets.

3. Enhanced Food Security and Resilience:

Expanding local food production and processing capacity will reduce Hawai'i's reliance on imported goods, increasing the state's resilience to supply chain disruptions and advancing its food security goals.

4. Economic Development and Job Creation:

The network will spur economic growth by supporting new and existing businesses, fostering innovation, and creating jobs in agriculture, manufacturing, and related sectors.

5. Sustainability and Climate Goals:

The network can encourage sustainable practices by promoting the use of local ingredients, reducing food waste, and supporting environmentally friendly production methods.

Statewide Benefits and Regional Equity

The establishment of a Food and Product Innovation Network across Hawai'i ensures that resources are distributed equitably among counties, allowing for regional specialization and addressing the unique agricultural strengths and needs of each area.

- **O'ahu:** Leveraging urban markets and infrastructure for processing and distribution.
- **Maui:** Supporting diversified agriculture and innovative value-added products.
- **Hawai'i Island:** Focusing on livestock processing, specialty crops, and rural development.
- **Kaua'i:** Promoting niche markets, such as tropical fruits and agroforestry products.

Recommendations for Implementation

To ensure the network's success, I recommend the following:

- **Collaboration with Stakeholders:** Engage farmers, producers, academic institutions, and community organizations in the planning

and implementation process to ensure that the network meets local needs.

- **Streamlined Access:** Simplify application processes and provide technical assistance to ensure equitable access to facilities and resources, particularly for small-scale producers and underserved communities.
- **Focus on Education and Training:** Include programs that provide hands-on training in food safety, product development, and marketing to equip producers with the skills needed for success.
- **Sustainability Metrics:** Incorporate metrics to evaluate the network's impact on food security, economic growth, and environmental sustainability.

House Bill 774 represents a bold and necessary step toward strengthening Hawai'i's agricultural economy and ensuring the long-term viability of local food production. By establishing the Agribusiness Development Corporation's Food and Product Innovation Network, we can empower farmers and producers, foster innovation, and build a more resilient and sustainable food system for the state.

I respectfully urge you to support this measure and prioritize its passage. Thank you for your attention to this critical issue and for your commitment to advancing Hawai'i's agricultural future. Thank you for your consideration of our testimony.



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January 29, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 744
RELATING TO RESILIENCY

Conference Room 325 & Videoconference
9:30 AM

Aloha Chair Kahaloe, Vice-Chair Kusch, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate, and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports HB 744, which establishes a food and product innovation network within the Agribusiness Development Corporation.

As expenses rise, increases in farm revenues and profits are critical to the continued viability of farms and ranches. Farmers can do this by "adding value" to raw agricultural crops. Currently, off-grade and excess production is sometimes wasted due to market conditions. Converting them into value-added products will increase farm revenue and provide new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

High production costs are a major driver of narrow profit margins for Hawai'i's farmers and value-added food producers. Labor, taxes, land, transportation, utilities, and supplies are all costs of doing business that often result in value-added food producers just breaking even.

If a Hawai'i farmer or entrepreneur wants to process an off-grade product into a value-added product they are usually forced to send it to the mainland because Hawai'i lacks value-added processing facilities. This cost of transportation to and from the mainland is often enough to discourage farmers from pursuing value-added production.

Hawai'i is potentially losing millions of dollars because of the cost of processing agricultural crops into value-added products. A network of food and value-added facilities in Hawai'i will support the production of new value-added products so that farmers can

increase their income while allowing locally produced value-added goods to compete with imported products, and expand into new export markets, strengthening our local economy.

The strength of Hawai'i's economy depends upon a diversity in commerce that is resilient to economic downturns and aggressive in creating new growth opportunities.

Thank you for the opportunity to testify on this measure.



Officers

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State President

Anabella Bruch
Vice-President

Maureen Datta
Secretary

Reba Lopez
Treasurer

Aloha Chair Kahaloa, Vice Chair Kusch, and Members of the House Agriculture & Food Systems Committee,

Chapter Presidents

Clarence Baber
Kohala, Hawai'i

Tony Vera
East Hawai'i

Puna, Hawai'i

Andrea Drayer
Ka'u, Hawai'i

Maureen Datta
Kona, Hawai'i

Fawn Helekahi-Burns
Hāna, Maui

Mason Scharer
Haleakalā, Maui

Kaiea Medeiros
Mauna Kahālāwai,
Maui

Kaipo Kekona
Lahaina, Maui

The Hawaii Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports HB774.**

By facilitating the creation of value-added products, HB774 promises to boost local farmers' income, allowing them to diversify their offerings and increase their market resilience. This move is crucial for elevating the competitiveness of our local produce, as well as improving the sustainability of the food supply chain in Hawaii. By supporting innovation, we empower farmers to develop unique products that reflect Hawaii's rich agricultural heritage and respond to modern consumer demands.

Furthermore, the establishment of this state-led network will provide essential resources and support for farmers, enabling them to navigate and overcome the challenges associated with product development, branding, and marketing. By connecting farmers with industry experts, the network will offer invaluable guidance on refining product ideas, optimizing processing methods, and accessing new markets. This collaborative framework will foster knowledge sharing and innovation, not only enhancing the quality and diversity of Hawaii's agricultural products but also creating new business opportunities and jobs within the community.

Mahalo for the opportunity to testify.

Kaipo Kekona, President HFUU/HFUF

Kilia Avelino-Purdy
Moloka'i

Negus Manna
Lāna'i

India Clark
North Shore, O'ahu

Christian Zuckerman
Wai'anae, O'ahu

Ted Radovich
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Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Advisor*
Eddie Asato, Pint Size Hawaii, *Advisor*
Gary Okimoto, Safeway, *Immediate Past Chair*

TO: Committee on Agriculture and Food Systems

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: January 29, 2025

TIME: 9:30am

RE: HB774 Relating to Value Added Products

Position: Support

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, manufacturers and distributors of food and beverage related products in the State of Hawaii.

HFIA is in support of this measure. Increasing local food production is a goal we all share. When more of the food that is consumed in Hawaii is made in Hawaii our state becomes more resilient, more sustainable, and stronger economically. State support for value added products is a key component of increasing local food production.

HFIA has proudly produced the Made in Hawaii Festival for 30 years. Each year Made in Hawaii Festival vendors find ways to add value and create a range of amazing products using locally grown fruits, vegetables, meat, flowers, wood, and more. We know there is tremendous potential for growth in this sector. Creating a Food and Product Innovation Network is the kind of support that can enable our local businesses to grow and thrive and create more Hawaii food and products for Hawaii consumers.

We encourage the Committee to pass this measure and we thank you for the opportunity to testify.